

Message Text

UNCLASSIFIED

PAGE 01 ROME 11661 241903Z

61

ACTION EUR-25

INFO OCT-01 AF-10 ISO-00 SCEM-02 INT-08 EB-11 COME-00

CIEP-02 OMB-01 CIAE-00 DODE-00 PM-07 H-03 INR-10 L-03

NSAE-00 NSC-10 PA-04 RSC-01 PRS-01 SPC-03 SS-20

USIA-15 ACDA-19 IO-14 TRSE-00 NEA-10 FPC-01 CEA-02

DRC-01 /184 W

----- 067128

R 241725Z OCT 73

FM AMEMBASSY ROME

TO SECSTATE WASHDC 1502

INFO USINT ALGIERS

AMEMBASSY BERN

AMEMBASSY BONN

AMEMBASSY BRUSSELS

AMEMBASSY LONDON

AMEMBASSY MADRID

AMEMBASSY PARIS

AMEMBASSY THE HAGUE

AMEMBASSY TUNIS

AMEMBASSY VIENNA

US MISSION EC BRUSSELS

OECD PARIS

UNCLAS ROME 11661

E.O. 11652: N/A

TAGS/ ENRG, AG, TS, IT

SUBJ: ITALY-ALGERIA AGREEMENT FOR TRANS-MEDITERRANEAN NATURAL
GAS PIPELINE

1. ENI, ITALIAN NATIONAL HYDROCARBON AUTHORITY, SIGNED AGREEMENT
IN ALGIERS OCTOBER 19 WITH SONATRACH, ALGERIAN STATE OIL COMPANY,
FOR CONSTRUCTION OF A 2500 KILOMER PIPELINE TO BRING ALGERIAN
NATURAL GAS TO ITALY. CONTRACT TERMS PROVIDE FOR ANNUAL SUPPLY
11 BILLION CUBIC METERS NATURAL GAS FOR 25 YEARS PERIOD

UNCLASSIFIED

UNCLASSIFIED

PAGE 02 ROME 11661 241903Z

BEGINNING IN 1978. COST OF NON-ALGERIAN PORTION PIPELINE

CONSTRUCTION, 174 KM OF WHICH UNDERWATER, SAID TO AMOUNT TO \$1.2 BILLION; ALGERIA REPORTED TO HAVE OBTAINED FROM ITALY \$447 MILLION LOAN TO FINANCE ITS PORTION OF PIPELINE.

2. NEGOTIATIONS ON THE PROJECT, FOR WHICH BECHTEL MADE FEASIBILITY STUDY, HAVE BEEN GOING ON SINCE 1967 (ROME MEMCON SAME SUBJECT, NOVEMBER 2, 1972 NOTAL). THERE WAS NEVER ANY DOUBT AS TO ITALY'S NEED FOR THE GAS, BUT RATHER REGARDING THE TECHNICAL AND ECONOMIC FEASIBILITY OF AN UNDERWATER PIPELINE AS OPPOSED TO THE ALTERNATIVE OF DELIVERING LNG BY TANKERS FOR REGASSIFICATION IN ITALY. UNDERWATER PORTION OF PIPELINE BETWEEN TUNISIAN AND SICILY (156 KM) WILL BE AT DEPTHS EXCEEDING 500 METERS. TO DATE, MAXIMUM DEPTH REACHED BY ENI (SAIPEM) UNDERWATER PIPELINE CONSTRUCTION IS 130 METERS IN NORTH SEA. ENI STATES THAT TRANS-MEDITERRANEAN PIPELINE WILL REQUIRE CONSTRUCTION AND OUTFITTING OF SPECIAL PIPELINE LAYING SHIP ASSISTED BY A FLEET OF SUPPORT EQUIPMENT. CONSTRUCTION OF THE FULL PIPELINE EXPECTED TO TAKE FOUR YEARS.

3. PIPELINE ROUTE TO BE THE FOLLOWING: HASSI R'MEI (ALGERIA) TO CAP BON (TUNISIA)--890 KM; 156 KM UNDER SICILIAN CHANNEL, SURFACING AT MAZARA DEL VALLO IN SICILY; ACROSS THE ISLAND TO MESSINA; UNDER THE STRAIT OF MESSINA; AND ONSHORE FROM REGGIO CALABRIA ROUGHLY 1000 KM UP TYRRHENIAN COAST TO LA SPEZIA. SONATRACH WILL BE RESPONSIBLE FOR ALGERIAN PORTION OF PROJECT, ENI FOR ITALIAN PORTION, WHEREAS BOTH WILL COLLABORATE ON THE TUNISIAN AND SICILIAN CHANNEL UNDERWATER PORTIONS.

4. ALGERIAN AGREEMENT IS THE FOURTH SIGNED BY ITALY WITH FOREIGN SUPPLIERS: 1) 1965 - LIBYA - 3 BILLION CUBIC METERS LNG ANNUALLY FOR 20 YEARS; 2) 1969 - USSR AND 3) 1970 - NETHERLANDS --6 BILLION CUBIC METERS EACH BY PIPELINE ANNUALLY FOR 20 YEARS. LIBYAN GAS DELIVERIES BEGAN IN 1971, WHEREAS SOVIET AND DUTCH SHIPMENTS SCHEDULED TO BEGIN IN EARLY 1974. ALGERIAN GAS WILL ACCOUNT FOR ROUGHLY 27 0/0 ITALY'S PROJECTED NATURAL GAS AVAILABILITY OF 40 BILLION CUBIC METERS BY 1980 (26 BILLION IMPORTED PLUS ESTIMATED 14 BILLION POTENTIAL DOMESTIC PRODUCTION), AND CONSIDERABLY DIVERSIFY SUPPLY SOURCES. PIPELINE WILL HAVE SIGNIFICANT ECONOMIC IMPORTANCE FOR ENERGY DEFICIENT SICILY AND ITALIAN SOUTH, AREAS OF THE COUNTRY HERETOFORE NOT COVERED

UNCLASSIFIED

PAGE 03 ROME 11661 241903Z

BY ENI'S 10,000 KM INTERNAL METHANE PIPELINE NETWORK.

5. PRESS REPORTS CONTAIN NO INFORMATION ABOUT PRICE TERMS ALGERIAN GAS. ENI SOURCE STATED TO EMBOFF THAT HE UNABLE PROVIDE ANY INFO ON ABOVE SUBJECT. VOLPE

UNCLASSIFIED

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: ECONOMIC AGREEMENTS, GAS PIPELINES
Control Number: n/a
Copy: SINGLE
Draft Date: 24 OCT 1973
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Authority: n/a
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 JAN 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1973ROME11661
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: n/a
From: ROME
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1973/newtext/t19731014/aaaaakgt.tel
Line Count: 112
Locator: TEXT ON-LINE
Office: ACTION EUR
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators:
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: martinjw
Review Comment: n/a
Review Content Flags:
Review Date: 21 AUG 2001
Review Event:
Review Exemptions: n/a
Review History: RELEASED <21-Aug-2001 by phillir0>; APPROVED <28-Jan-2002 by martinjw>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: ITALY-ALGERIA AGREEMENT FOR TRANS-MEDITERRANEAN NATURAL GAS PIPELINE
TAGS: ENRG, AG, TS, IT
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005